

CORRECTED FISCAL MEMORANDUM

SB 810 – HB 1734

May 16, 2007

SUMMARY OF AMENDMENT (006516): Requires the state to pay 50% of health insurance premiums for eligible employees and dependents beginning July 1, 2007; requires each LEA to pay a minimum of 50% of the premium collected on behalf of such employee.

FISCAL IMPACT OF ORIGINAL BILL:

(CORRECTED)

Increase State Expenditures - \$23,505,000

Increase Local Govt. Expenditures* - \$3,917,000

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions applied to amendment:

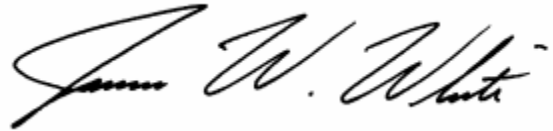
- Public Acts of 2006, Chapter 963, Section 11, Item 2 authorizes appropriations to LEAs for 45% of the statewide cost of providing health insurance to eligible employees for FY06-07.
- According to the Department of Education, state expenditures would increase by \$23,505,000 for the additional 5% (from current 45% to 50%) for both licensed and non-licensed personnel included in the BEP.
- Local government expenditures would increase by \$3,917,100 for licensed personnel outside the BEP. LEAs are currently funding a minimum of 45% of the premium on these positions. Under the amendment the LEAs would be funding a minimum of 50% of the premium.
- Currently the BEP does not generate any funding to pay insurance premiums for those positions, both licensed and non-licensed, that LEAs elect to employ outside the BEP. This practice would continue under this amendment.

SB 810 – HB 1734 (CORRECTED)

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rt